EXCHANGE RATE
COLA AND OHA

COLA Purpose

COLA is intended to equalize the cost of obtaining non-housing goods and services (groceries, daycare, clothing, appliances, etc.) by service members stationed overseas as compared to the Continental United States (CONUS). Because of COLA, service members and their families are not detrimentally affected financially by an overseas assignment.

OHA Purpose

- **The Overseas Housing Allowance, or OHA, is paid to service members who live in private housing at their overseas duty station.**
- **OHA helps offset your housing costs, which are made up of:**
- **Rent**
- **Utility and recurring maintenance expenses**
- **Move-in housing allowance (MIHA)**

COLA Surveys

- **LPS: The Living Pattern Survey (LPS) is required at least once every three years to determine where service members with families shop and how they allocate their purchases between local market and US Government shopping facilities.**

- **RPS: The Retail Price Schedule (RPS) data is collected annually and reports actual prices for a market basket of goods and services at the OCONUS location.**

OHA Surveys

Overseas Housing Allowance (OHA) Utility and Move in Expenses Survey

Annually, the Per Diem Travel and Transportation Allowance (PDTATAC) conducts the OHA Utility Survey to collect Utility and Recurring Maintenance expense data from Service members who receive an Overseas Housing Allowance.

PDTATAC uses this data to compute OHA Utility and Recurring Maintenance Allowances for Service members worldwide.

2007 OHA Utility Survey

- 1-28 Feb 07
- Who – All Soldiers receiving OHA
- Survey Link – https://www.perdiem.osd.mil/oha/survey/feboha.html
- Unit can identify Soldiers receiving OHA using the Jan 07 Unit Commanders Finance Report (UCFR)

COLA Calculation

COLA is based on an index, your Military Compensation, and your Spend able income.

Each year surveys are done to report prices of 120 market basket items.

These prices are compared to prices for the same items in the US to determine an overall price difference index.

This becomes the prescribed COLA index for the location. An index of 120 means the overseas location is 20 percent more expensive than the average U.S. location

COLA Calculation Continued

Your Regular Military Compensation includes basic pay, BAS, and an average BAH.

This is used to get an estimate of how much you make based on your number of years of service and number of dependants

This amount is then used to determine your Spendable income. Which is derived from Consumer Surveys of stateside families.

Data derived from the Surveys provides the estimated amount families spend based on income level and family size.

COLA Calculation Continued

So based on the current tables, Military Compensation for an E-3 with two dependants is $36,667.

This amount converts to $24,500 on the Spendable Income Table.

From the surveys completed in 2005 and currency adjustments since the COLA index for Heidelberg is 134.
Effective 16 Dec 2006

Subtract 100 from the prescribed COLA index and covert the remainder to a percentage, i.e., a remainder of 34 becomes 34% or .34

COLA Calculation Continued

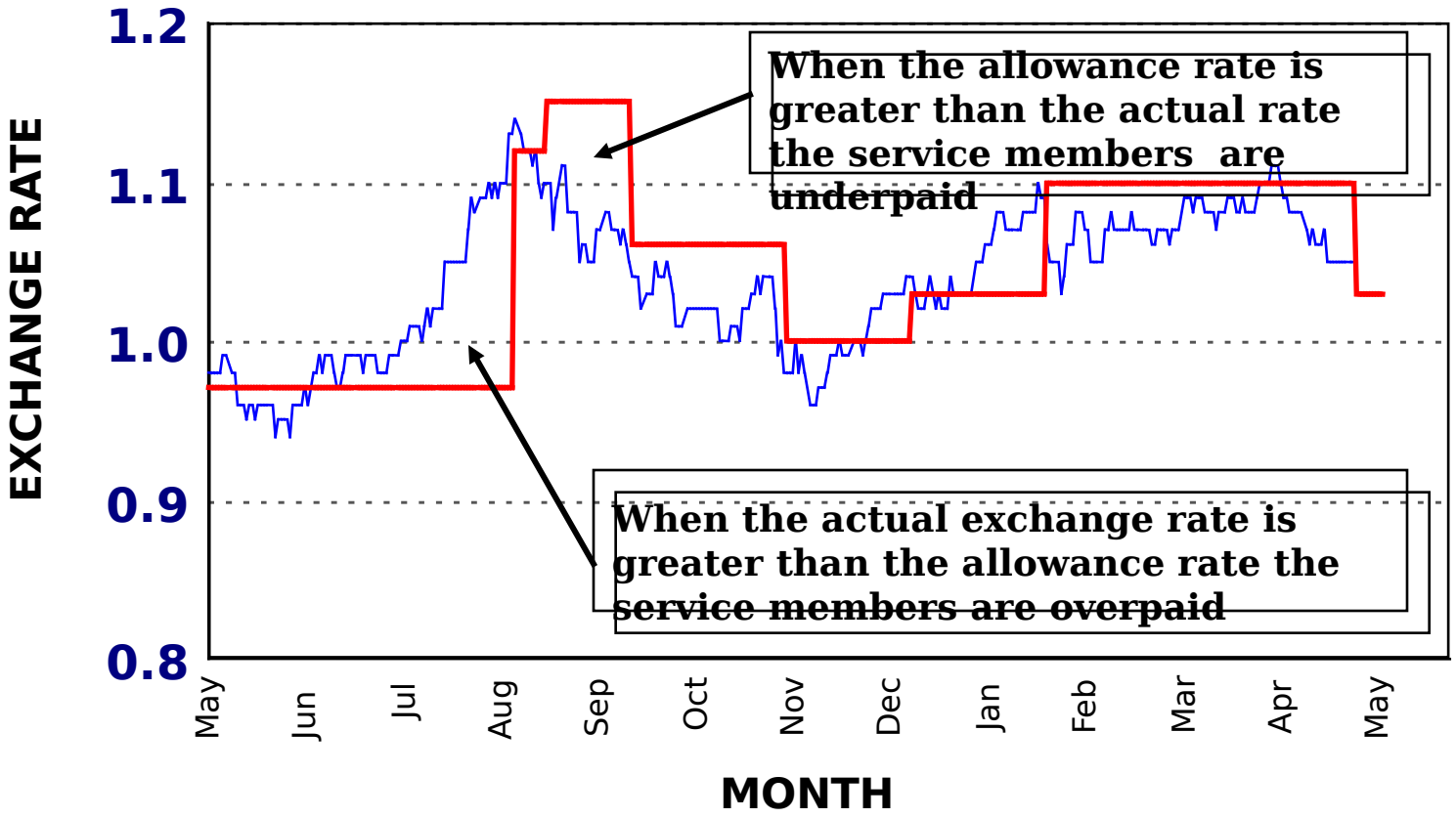
- Multiply the member's average annual spendable income above $24,500 by the percentage .34 above.
- The result is the member's ***annual*** COLA. $8,330
- a. Divide the annual COLA amount by 360 (days), $8,330/360 = $23.13888 Carry the result to 5 digits to the right of the decimal,
- b. Multiply the result in item a by the number of days in the month for which the allowance is payable,(30 or 31) and round the amount to the nearest cent. $23.13888 x 30 =$694.16664 or $694.17

Currency Adjustments

- **THE MECHANICS - A COMPUTER-DRIVEN ALGORITHM**
  - **REVIEW RATES EVERY PAY PERIOD**
  - **ALLOWANCE RATE & TRADING RATE**

- **5% THRESHOLD**
  - **COLLECT DAILY EXCHANGE RATES – FROM COMMAND, DEPT. OF STATE, OR WALL STREET JOURNAL**
  - **COMPUTE ALLOWANCE & TRADING RATE DIFFERENCES**
  - **PRESCRIBE NEW ALLOWANCES AND ALLOWANCE RATE ONCE ACCUMULATED DIFFERENCE REACHES 5%**
  - **COLA - ADJUST ONLY LOCAL PURCHASE PORTION OF ALLOWANCES**
  - **CONTINUE MONITORING RATES**
  - **RESET BASED ON NEW BASE-LINE ALLOWANCE DATA**

Currency Trend Over Time



CONTINUOUS = Actual Exchange Rate
STAIRSTEP = Allowance Rate in Pay System

Currency Adjustments

Exchange Rate Fluctuations (1 of 2)

What Happens When An Exchange Rate Fluctuates?

- **PDTATAC monitors exchange rates using a tracking model and algorithm.**
- **Tracking model recommends currency adjustments that can generate an increase, decrease, or a 'no change' to the current COLA index.**
- **Both the exchange rate and COLA index are immediately adjusted effective with the next available pay period**
- **COLA adjustments based solely on currency changes are automatic and are *NOT* budget driven**
- **Exchange rates are reviewed every two weeks and can be adjusted semi-monthly if necessary.**

Currency Adjustments

Exchange Rate Fluctuations (2 of 2)

- **Example - Current COLA Index = 124 and LPS data tells us:**
  - **50 Points – Attributed to On-Base (Commissary/Exchange) Purchases**
  - **74 Points – Attributed to Off-Base (Local) Purchases**
- **Only ***Local Purchases*** are adjusted for currency changes**
  - **Example: $ Declines 10% against the ***€uro***
  - **74 Points (Local Purchases) X 10% $ Decline = 8-Pt adj (we round UP)**
  - **124 (Index) + 8-Pts for Currency Adjustment = ***132 Adjusted Index***

COLA Dollar Accumulator - Tracking $ Impact on COLA based Solely on Exchange Rate Changes

Pay Period	Exchange Rate		COLA Index		Monthly COLA $ Amount		No of Mos	COLA $ Amt Due at New XRAT		COLA $ Per Pay Period		$ Comparison to Base	
Date	From	To	From	To	E6	O3		E6	O3	E6	O3	E6	O3
Jan 1, 2004 (Base)	0.7900	0.7790	128	130	727.50	947.50	0.5	363.75	473.75	363.75	473.75	0.00	0.00
Jan 16	0.7790	0.7575	130	132	776.00	1,010.67				388.00	505.34	24.25	31.59
Feb 1							2.0	1,552.00	2,021.34	388.00	505.34	24.25	31.59
Feb 16										388.00	505.34	24.25	31.59
Mar 1										388.00	505.34	24.25	31.59
Mar 16	0.7575	0.7775	132	130	727.50	947.50	0.5	363.75	473.75	363.75	473.75	0.00	0.00
Apr 1	0.7775	0.8067	130	128	679.00	884.33				339.50	442.17	-24.25	-31.58
Apr 16							1.5	1,018.50	1,326.50	339.50	442.17	-24.25	-31.58
May 1										339.50	442.17	-24.25	-31.58
May 16	0.8067	0.8258	128	126	630.50	821.17				315.25	410.59	-48.50	-63.16
Jun 1							2.0	1,261.00	1,642.34	315.25	410.59	-48.50	-63.16
Jun 16										315.25	410.59	-48.50	-63.16
Jul 1										315.25	410.59	-48.50	-63.16
Jul 16	0.8258	0.7700	126	130	727.50	947.50				363.75	473.75	0.00	0.00
Aug 1							1.5	1,091.25	1,421.25	363.75	473.75	0.00	0.00
Aug 16										363.75	473.75	0.00	0.00
Sep 1	0.7700	0.8025	130	128	679.00	884.33	0.5	339.50	442.17	339.50	442.17	-24.25	-31.58
Sep 16	0.8025	0.8200	128	126	630.50	821.17				315.25	410.59	-48.50	-63.16
Oct 1							1.5	945.75	1,231.76	315.25	410.59	-48.50	-63.16
Oct 16										315.25	410.59	-48.50	-63.16
Nov 1	0.8200	0.7456	126	134	824.50	1,076.67	1.0	824.50	1,076.67	412.25	538.34	48.50	64.59
Nov 16										412.25	538.34	48.50	64.59
Dec 1	0.7456	0.7360	134	N/C	824.50	1,076.67	0.5	412.25	538.34	412.25	538.34	48.50	64.59
Dec 16	0.7360	0.7184	134	136	873.00	1,140.00				436.50	570.00	72.75	96.25
Jan 1, 2005							2.0	1,746.00	2,280.00	436.50	570.00	72.75	96.25
Jan 16										436.50	570.00	72.75	96.25
Feb 1										436.50	570.00	72.75	96.25
Feb 16	0.7184	0.7775	136	130	727.50	950.00				363.75	475.00	0.00	0.00
Mar 1							1.5	1,091.25	1,425.00	363.75	475.00	0.00	0.00
Mar 16										363.75	475.00	0.00	0.00
Accumulated $ Difference - $ Member is in-pocket or out-of pocket over this tracking period												**$97.00**	**$136.69**

Always compares back to base period = $ payment based on data

OVERSEAS COST OF LIVING ALLOWANCE

PAY PERIOD: 1-01-2007 thru 1-15-2007

Rank:	E6
Years of Service:	10
Number of Dependents:	2
Country/State:	GERMANY
City:	Heidelberg (BW)
Location Code:	GM019
COLA Index:	0.34
Effective Date:	20061216
Daily COLA:	$ 28.994
Daily Unique:	$ 0

COLA Payment for Pay Period
1-01-2007 thru 1-15-2007

COLA:	$ 434.92
UNIQUE:	$ 0
TOTAL PAY PERIOD ALLOWANCE:	**$ 434.92**

OVERSEAS COST OF LIVING ALLOWANCE

PAY PERIOD: 12-01-2006 thru 12-15-2006

Rank:	E6
Years of Service:	10
Number of Dependents:	2
Country/State:	GERMANY
City:	Heidelberg (BW)
Location Code:	GM019
COLA Index:	0.28
Effective Date:	20061001
Daily COLA:	$ 23.878
Daily Unique:	$ 0

COLA Payment for Pay Period
12-01-2006 thru 12-15-2006

COLA:	$ 358.17
UNIQUE:	$ 0
TOTAL PAY PERIOD ALLOWANCE:	**$ 358.17**

Overseas Housing Allowances

GERMANY

Location: **HEIDELBERG (BW) 1/ , Location Code: GM019**

PAY PERIOD: **01-01-2007**

For an **E-6 with dependents, the Overseas Housings Allowances are as follows:**

Allowances Effective: 20061001	**Local Currency**	**US DOLLARS**
OHA Rental Allowance	1300.00	$ 1818.18
Utility/Recurring maintenance/miscellaneous Allowance	415.00	$ 580.42
Move-In-Housing Allowance (MIHA)	532.00	$ 744.06

Climate code is: **2.00**
Rate of Exchange (ROE): **0.715000000000204 / ROE Effective: 20061216**

Overseas Housing Allowances

GERMANY

Location: **HEIDELBERG (BW) 1/ , Location Code: GM019**

PAY PERIOD: **12-01-2006**

For an **E-6 with dependents, the Overseas Housings Allowances are as follows:**

Allowances Effective: 20061001	**Local Currency**	**US DOLLARS**
OHA Rental Allowance	1300.00	$ 1660.28
Utility/Recurring maintenance/miscellaneous Allowance	415.00	$ 530.01
Move-In-Housing Allowance (MIHA)	532.00	$ 679.44

Climate code is: **2.00**
Rate of Exchange (ROE): **0.782999999999811 / ROE Effective: 20061101**

Questions?